

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 316 - HB 547

March 9, 2015

SUMMARY OF BILL: Requires any payment card processor which contracts directly with a merchant to:

- Provide the merchant with a copy of all payment card network operating rules, regulations, and bylaws applicable to the credit card, debit card, or other payment card transactions settled by the payment card processing company for the merchant;
- Provide the merchant with a complete schedule of all merchant transaction fees applicable to the credit card, debit card, or other payment card transactions settled by the payment card processing company for the merchant; and
- At the end of each monthly period or other regular period agreed upon by the payment card processing company and the merchant, promptly supply the merchant with a statement that includes:
 - An itemized list of all merchant fees accrued since the previous statement; and
 - An indication of the aggregate fee percentage.

The Commissioner of the Department of Commerce and Insurance (TDCI) may assess a civil penalty against any payment card processor that knowingly violates any requirement of this legislation. Any such civil penalty may not exceed \$2,000 per violation. Any hearing on the imposition of a civil penalty pursuant to this section shall be conducted in accordance with the *Uniform Administrative Procedures Act*.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- An effective date of July 1, 2015.
- This legislation provides additional requirements of payment processing companies with regards to financial transactions between such processors and merchants.
- According to the D.C.-based Electronic Transactions Association, there are currently 10 payment card processing companies that operate on a national level and approximately 50 additional processors, and all likely do business with merchants in Tennessee.
- TDCI may penalize any payment card processing company up to \$2,000 for each violation resulting from this legislation.
- The number of violations that will occur as a result of this legislation is unknown, as there is no historical data which could be used to forecast the number of civil penalties

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that will be levied against payment card processing companies. It is assumed that any penalty assessed will not result in a significant increase in revenue.

- The provisions of the bill will not significantly affect the regulatory and oversight functions of TDCI.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumptions:

- It is assumed that payment card processing companies can provide any of the required statements to merchants in conjunction with delivery of monthly billing statements. Any increase in business expenses for such processing companies is assumed to be not significant.
- The number of violations that will occur as a result of this legislation is unknown, as there is no historical data which could be used to forecast the number of civil penalties that will be levied against payment card processing companies. It is assumed that any penalty assessed will not result in a significant increase in business expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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